

Max Planck Institute
for Intellectual Property and Competition Law

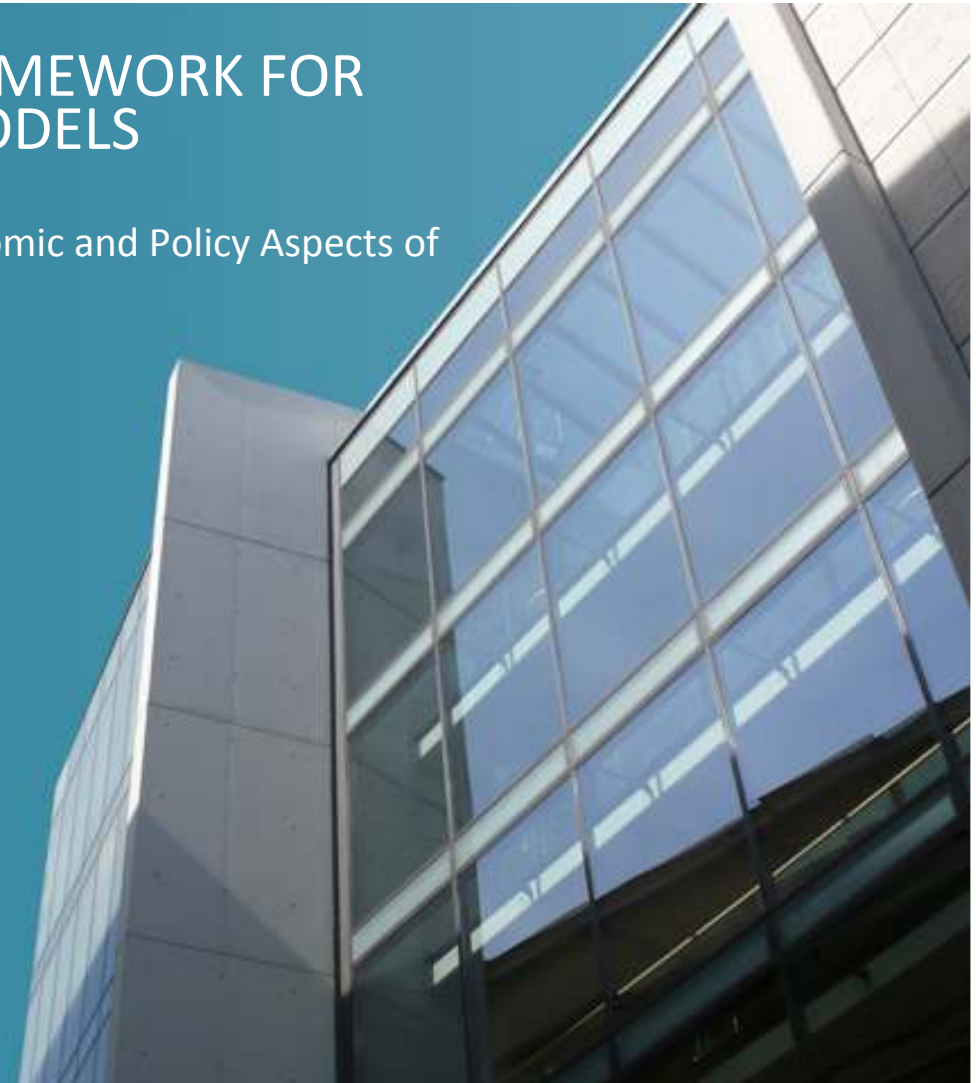
THE INTERNATIONAL LEGAL FRAMEWORK FOR THE PROTECTION OF UTILITY MODELS

WIPO Regional Seminar on the Legislative, Economic and Policy Aspects of
the Utility Model System
Kuala Lumpur (Malaysia), 3-4 September 2012

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Outline

- The **Multilateral** Framework for Utility Model (UM) Protection
 - Paris Convention for the Protection of Industrial Property
 - WTO TRIPS Agreement

- **Regional and Bilateral** Framework
 - IP Chapters in Free Trade Agreements (FTAs) and Economic Partnership Agreements (EPAs)
 - Bilateral Investment Treaties (BITs)

- Key Aspects of **Policy Space** for Designing Domestic UM Systems



The Multilateral Framework for UM Protection

Paris Convention (PC)

→ No obligation to foresee UM rights (UMRs)

→ Obligation to provide **national treatment**, Art.2 PC:

Nationals of any country of the Union shall, as regards the protection of industrial property, enjoy in all the other countries of the Union the advantages that their respective laws now grant, or may hereafter grant, to nationals; all without prejudice to the rights specially provided for by this Convention. Consequently, they shall have the same protection as the latter, and the same legal remedy against any infringement of their rights, provided that the conditions and formalities imposed upon nationals are complied with.

→ As definition of ‘Industrial Property’ covers UM ([Art.1:2 PC](#)), PC Union countries need to protect and enforce UMRs of foreigners as those of own nationals



The Multilateral Framework for UM Protection

Paris Convention (PC)

→ **Minimum Standards under Art.5 A PC** apply to UMRs:

- Importation of UM protected goods may not trigger revocation
- Right to issue CL to tackle abuses, e.g. failure to work
- Forfeiture of UMRs only as last resort
- CL based on insufficient working only after 4 years from filing

→ As UM rights (UMRs) are primarily used by local residents, the obligations under Art.5A PC may be of **less practical importance**

→ Next to a 12 month grace period under [Art.4 PC](#), further (but seldom relevant) obligations under [Artt. 5D](#), [11 PC](#)



The Multilateral Framework for UM Protection

The WTO TRIPS Agreement

- No independent obligations to foresee UMRs
- Obligation to **comply with** Artt.1-12, 19 PC ([Art.2:1 TRIPS](#))
 - Compliance with PC as part of WTO law, consistency can be challenged under the **WTO dispute settlement system**

Q: **TRIPS Enforcement Obligations** (Part III) relevant for WTO Members with a UM system?

→ Enforcement procedures must be available against infringements of *IPRs covered by TRIPS* ([Art.41:1](#))

→ TRIPS covers all *categories of IPRs subject to sec.1-7 of Part II* (Art.1:2), so that **UMRs are not subject to specific enforcement obligations in TRIPS** (see also [US – Sec.211](#))



Regional and Bilateral Framework

Provisions in FTAs and EPAs on UMRs

→ While most obligations on IP do not concern UM, some examples exist:

- **Art.148 EC – CARIFORUM EPA:** if introduced, UMRs must be
 - available in **all fields of technology**;
 - on condition of **novelty**, some degree of **non-obviousness** & industrial applicability;
 - **subject matter exclusions** akin to Art.27:2, 3 TRIPS
- **Grandfathering clause** safeguarding existing UM systems
- **Artt.109, 110, 121 Jp – Ind EPA:** Provisions cover
 - efficient administration, transparency issues
 - **criminal liability** for UMR infringements



Regional and Bilateral Framework

Bilateral Investment Treaties (BITs)

■ Most BITs (and Investment Chapters in FTAs) cover IP as a protected Investment

■ Some explicitly include **UMRs**, otherwise all types of IPRs existing in the host state are arguably covered

→ No obligation to introduce UM system...

... But if the host state has a UM system, UMRs held by an investor from abroad will be protected by BIT standards:

- Regulation of (indirect) **Expropriation**
- **Fair and equitable treatment**, full protection and security



Key Aspects of Policy Space for Designing Domestic UM Systems

Contrasting UM Policy Space to Int. Patent Regulation with regard to

- the protected **subject matter**;
- the **requirements** for protection;
- the **rights granted** to the right holder;
- **exceptions and limitations** to the exclusive rights, including compulsory licensing;
- **duration** of protection; and
- **enforcement** mechanisms



Key Aspects of Policy Space for Designing Domestic UM Systems

Protected **Subject Matter**

- No need to cover all matters falling under [Art.27 TRIPS](#)
- UMRs can be limited to 3-dimensional models or industrial sectors where small innovations occur; exclude processes, (chemical) compounds, biological substances

Requirements for UM Protection

- UM systems can freely determine degree of novelty (absolute, relative) and level of inventiveness (lower or same as for patents)
- Countries are not bound to patent criteria – they may do away with e.g. inventiveness, or choose other criteria



Key Aspects of Policy Space for Designing Domestic UM Systems

Rights Granted to UM Rightholders

- No obligation to grant full set of exclusive rights as available for patents under Art.28 TRIPS
- Option to shift from exclusive rights to **liability (take & pay) rules** which allow use against compensation

Exceptions and Limitations (E&Ls) to UMRs

- No need to comply with **3-step-test** ([Art.30 TRIPS](#))
- **Compulsory licenses** for UMRs need not comply with procedural requirements of [Art.31 TRIPS](#), but must adhere to Art.5 A PC (especially concerning failure to work a UM)



Key Aspects of Policy Space for Designing Domestic UM Systems

Duration of UM Protection

- No minimum fixed period of protection; hence **flexibility to determine duration based on domestic needs**
- Option to foresee initial and follow-on periods

Enforcement of UMRs

- **Obligation not to discriminate** against foreign UM right holders extends to UM enforcement
- But **no obligation** to foresee all enforcement procedures and remedies mandated under **TRIPS Part III**: E.g. option to make injunctive relief subject to substantive examination of UM validity



Conclusions

- The **Multilateral Framework** ensures that do not discriminate against foreign right holders as to UM protection and enforcement
- Contrasted with int. Patent regulation, countries enjoy almost complete **freedom to design UM systems**
- **FTAs & EPAs** sometimes regulate UMRs – while they usually do not oblige to introduce UMRs, they affect the policy space to design UM protection to domestic needs
- **BITs** will generally cover UMRs granted by the host state as protected investment which is then subject to the investment protection standards concerning expropriation, FET, etc...



Thank you for your attention!

Comments and critique to
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